



City of Dallas

Land Development

Land Bank Program

Land Transfer Program

**Housing and
Homeless Solutions Committee
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City of Dallas

Land Bank Program/Land Transfer Program Presentation Overview



- Program Overview
- Purpose
- Background/History
- Issues/Operational or Business Concerns
- Operational Impact
- Proposed Action
- Next Steps



Land Bank and Land Transfer Programs



Process

- Land Bank Program - Acquire and sell tax delinquent vacant property for the development of affordable homes through DHADC
- Land Transfer Program - Sell city-held property for the development of affordable homes

Type of Land

- Land Bank Program – 5-year tax-delinquent vacant property
- Land Transfer Program -Tax foreclosed and surplus vacant property

Targeted Income of Homebuyer

- Land Bank Program –115% AMI and below
- Land Transfer Program - 61% - 120% AMFI

Project Timeframe

- Land Bank Program –Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within 4 years of the date of acquisition.
- Land Transfer Program -Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within 2 years of the date of acquisition.

Vacant Lot Sales Price

- Land Bank Program –Property is sold at comparative market value (CMV), qualifying developers may demonstrate through a proforma that a discount is necessary
- Land Transfer Program –Tax foreclosed property is sold at \$1,000 for the first 7500 SF of the lot size, plus \$0.133 per SF for lots exceeding 7500 SF. Surplus property is sold at CMV, qualifying developers may demonstrate through a proforma that a discount is necessary.



Land Bank vs. Land Transfer



Program Elements	Land Bank Program	Land Transfer Program
Owner	DHADC (non-profit)	City of Dallas/taxing entities
Process	acquire and sell land	sell land
Type of Land	vacant, tax-foreclosed land	vacant, surplus and tax-foreclosed land
Targeted Income of Homebuyer	115% and below	61% - 120%
Project Timeframe	4 years	2 years
Vacant Lot Sales Price	CMV	CMV and \$1000/7500SF (> 7500SF \$1000 + .13/SF)



Land Bank Program Purpose



- Utilize tax foreclosure process for properties with five years or more of delinquent property taxes.
- Acquire unproductive, vacant, and developable lots and lots improved with abandoned, vacant and uninhabitable houses
- Bank for affordable housing or commercial development
- Dispose for new single-family homeowner or rental development on lots to house low-income households up to 115% of AMI.



Land Bank Program Background



- Urban Land Bank Demonstration Program Act signed by Governor Perry on June 18, 2003.
 - Act is codified in Texas Local Government Code Chapter 379C.
- The Act, as amended, gives municipalities the right to establish land bank programs to:
 - reclaim vacant real property from tax delinquency status and
 - use such land to develop affordable housing for low-income households or for commercial purposes.
- The Act requires that the governing body of a municipality that adopts an Urban Land Bank Demonstration Program execute with the other taxing units that are parties to the tax suit an interlocal agreement that enables those units to agree to participate in the program.



Land Bank Program Background cont.



- In 2004, the City of Dallas designated the Dallas Housing Acquisition and Development Corporation (DHADC) to administer the Land Bank.
- Administered by Dallas Housing Acquisition and Development Corporation (DHADC), a not-for-profit corporation, with Housing Department staff.
- DHADC Board is composed of: Department Directors of: Housing, Code Compliance, and Development Services; and Representatives from Dallas County (2), DISD (1), The Real Estate Council (1), and a non-profit organization(1).



Land Bank Program Historical Issues



- In the Fall of 2016, the Land Bank received negative publicity in light of perceived developer conflict of interest reported by the media.
- Consequently, the DISD Board did not approve the FY 2016-17 ILA due to ethics concerns.
- In Fall 2017, the City of Dallas hired a consultant to evaluate Land Bank policies and procedures, and offer recommendations.
- Land Bank staff and consultant recommended program changes to address concerns and improve the program.



Land Bank Program Historical Issues cont.



- The Land Bank Program was suspended from 2017-2018 while steps were taken to:
 - Re-evaluate the Program's practices
 - Train staff and program participants on new rules and expectations
 - Approve the Interlocal Cooperation Agreement

- Evaluation of the program led to the following areas of reform:
 - Policy and Procedures
 - Financial Management
 - Operations



Land Bank Program Historical Issues cont.



Program Changes - Policies and Procedures

Factors	Issues	Revisions
Homebuyer Eligibility	Homebuyer income information was provided after the home sold. Making it impossible for Land Bank Program to verify homebuyer income compliance prior to sale.	Developers must submit homebuyer income information prior to sale of home.
Affordability Requirements	Deed restrictions were released at the time of sale to homebuyer; Land Bank Program lacked authority to enforce income and residency requirements.	Affordability restriction carries over to the income qualified homebuyer.
Conflict of Interest	Qualified Participating Developers (QPD) could sell homes to family members or swap lots to address personal interests.	QPD must disclose any and conflicts of interest as part of its application, city reviews lot values for swaps and city liens are used to monitor compliance.



Land Bank Program Historical Issues cont.



Program Changes – Financial Management

Factors	Issues	Revisions
Procurement	It was standard practice for the same companies to be used again and again on Land Bank Program transactions.	Land Bank issues new request for proposals on a 3 year basis to give other vendors the opportunity to bid for contracts.
Sales Price	Lots were sold for \$5,000 regardless of Land Bank operating costs and lot value. Note: Operating costs must be paid with program revenues..	Established the FMV as the lot sales price and offer discount consideration to incentivize housing affordability. To the extent sales proceeds are generated, it will help offset operating costs.



Land Bank Program Historical Issues cont.



Program Changes - Operations

Factors	Issues	Revisions
Antiquated Tracking System	Program information has been collected in MS Excel, which lacks sophistication needed to manage Land bank Program.	Preparing to implement a property management system, Neighborly, that incorporates all land bank functions.
Portfolio Limitations	Land Bank Program was limited to purchasing vacant residential zoned lots.	Expanded scope of properties to allow the purchase of multifamily and commercially zoned properties.
Disposition Strategy	Land Bank did not have a strategy for acquisitions/dispositions.	Developing an acquisition and disposition plan: Identifying current development, forecasted development, acquire minimum of 5 neighborhood lots to create clusters, increased engagement with neighborhood associations, utilize Market Value Analysis



Land Bank Program-Performance



DHADC Lot Sales	
2004 – 2017	641
2019 – 2021	144
Total	785

Lots Sold by Council District													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1%	3%	.4%	34%	1%	26%	30%	4%	0%	0%	0%	0%	0%	0%



Land Bank Program-Performance cont.



Homebuyer Profile	
<u>Occupation Title</u>	<u>Annual Wage</u>
Food Preparation and Serving Workers, Including Fast Food	\$ 21,893
Cashiers	\$ 22,245
Waiters and Waitresses	\$ 24,282
Janitors and Cleaners, Except Maids	\$ 25,511
Retail Salespersons	\$ 27,152
Construction Laborers	\$ 32,929
Laborers and Freight, Stock, and Material Movers	\$ 32,934
Office Clerks, General	\$ 36,040
Bookkeeping, Accounting and Auditing Clerks	\$ 45,331
First Line Supervisors of Retail Workers	\$ 48,026
Sales Representatives, Services	\$ 64,453
Registered Nurses	\$ 73,994



Land Bank Program-Performance cont.



Housing Units	
Constructed and Sold to Income Eligible Homeowner (2004-2021)	674
Total Valuation	\$ 126,337,930
Average Housing Unit Valuation	\$ 187,445
Total Property Tax Generated (2004-2020)	\$ 19,129,774
COD Property Tax Generated (2004-2020)	\$ 5,474,061
Total Property Tax Generated Annually	\$ 3,427,390
COD Property Tax Generated Annually	\$ 980,671



Land Bank Program-Projection FY 21-22



Status	Number of Lots/Units
DHADC Current Inventory	12
Lots Sold and Undeveloped	99
Lots to be Acquired through Foreclosure	140
Lots to be Sold to Eligible Developers	73
Lots to be Permitted for Construction	91
Units to be Constructed and Sold to Income Eligible Homebuyers	42





- Inventory

- Acquisition Process

- DHADC Staff
 - Legal: Linebarger Goggan Blair & Sampson
 - Title: Republic Title
 - Environmental: Terracon
 - Dallas County Sheriffs Office

- Costs

- Average Acquisition Cost: \$9,650

- Projections

- 2021-2022



Land Transfer Program Purpose



- The purpose of the Land Transfer Program (the “Program”) is to incentivize: (1) the development of quality, sustainable housing that is affordable to the residents of the City and (2) the development of other uses that complement the City’s Comprehensive Housing Policy, economic development policy, or redevelopment policy.
- Specifically, this Program authorizes the City to sell qualifying city-owned real property and resell tax-foreclosed real property to for-profit, non-profit and/or religious organizations in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance.
- The sale of real property pursuant to the Land Transfer Program will enable the City to facilitate the development of housing units that will be offered for sale, lease or lease-purchase to low and moderate-income households and, on appropriate parcels of land, enable the City to facilitate the development of commercial uses such as neighborhood retail.



Land Transfer Program Background



State Codes for Sale of Land by Cities

General:

- Texas Local Government Code Section 253.008 provides the mechanism to buy and sell land.

Specific to Affordable Housing:

- Pursuant to Texas Local Government Code Section 272.001 (g), the City 1) may sell, exchange, or otherwise convey land to an entity for the development of low-income or moderate-income housing, and 2) may sell the land at below market prices if found to accomplish a public purpose.
- Pursuant to Texas Property Tax Code Section 34.051, the City 1) may resell tax foreclosed land to an entity to be used for a purpose consistent with the municipality's urban redevelopment plans or the municipality's affordable housing policy, and 2) may sell the land at less than the market value specified in the judgement of foreclosure or less than the total amount of judgements against the property.
- Pursuant to Texas Local Government Code Section 253.010, the City 1) may sell land acquired by the City to a non-profit entity for the development of low-income housing, and 2) may sell the land at below market prices.



Land Transfer Program Background cont.



- In 1997, City Council first adopted a policy specifically related to the resale of tax-foreclosed land
- In 1998, City Council codified the procedures in Dallas City Code Sections 2.26-4 through 2.26-14
- In 2001, City Council adopted a Land Transfer Program that encompassed the sale of city-owned surplus and seized land as well as tax-foreclosed land policy specifically related to the resale of tax-foreclosed land
- In 2018, City Council adopted a Comprehensive Housing Policy that set citywide goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals.
- In 2019, City Council adopted an amendment to the Comprehensive Housing Policy to add the Land Transfer Program
- In 2020, the Housing Department activated the Land Transfer Program



Land Transfer Program Background cont.



- Inventory
 - 543 Lots “On Hold” for Housing
 - 265 Sold in 2019 through NOFA
 - 278 Lots for Land Transfer Program FY2020-2021

Nearhood Clusters

Bertrand
Bonton
Cedar Crest
Dolphin Heights
Ideal
Jeffries Meyers
Joppa
Jubilee
Mill City
Oak Cliff
Paul Quinn
St. Philips
Zoo

Land Transfer Program Lots Available by Council District (FY 2020-2021)

1	2	3	4	5	6	7	8	9	10	11	12	13	14
0	7	0	51	0	0	211	9	0	0	0	0	0	0



Land Transfer Program-Performance



Land Transfer Program Lots Approved by City Council	
February 2020	59
March 2020	15
April 2020	50
May 2020	10
June 2020	40
September 2020 (projected)	29
Total	203

Land Transfer Program Lots Approved by City Council District YTD													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
0	7	0	30	0	0	164	2	0	0	0	0	0	0



Land Transfer Program-Performance cont.



Housing Units	
YTD Approved by City Council	203
Average Housing Unit Size (projected)	1,802 SF
Average Housing Unit Sales Price (projected)	\$ 192,574
Total Valuation (projected)	\$ 39,092,522
Total Property Tax Generated Annually (projected)	\$ 1,060,531
COD Property Tax Generated Annually (projected)	\$ 303,475
COD Annual Maintenance Cost Savings (projected)	\$ 81,200



Land Transfer Program-Projection FY 21-22



Status	Number of Lots/Units
Land Transfer Program Current Inventory	75
Lots Sold and Undeveloped	203
Lots to be Sold to Eligible Developers	75
Lots to be Permitted for Construction	278
Units to be Constructed and Sold to Income Eligible Homebuyers	93





- Inventory
 - Demand
 - Collaboration with Code Compliance
 - Collaboration with SDC-Real Estate





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